

48-3a-502 Transfer of transferable interest.

- (1) Subject to Subsection 48-3a-503(6), a transfer, in whole or in part, of a transferable interest:
 - (a) is permissible;
 - (b) does not by itself cause a member's dissociation or a dissolution and winding up of the limited liability company's activities and affairs; and
 - (c) subject to Section 48-3a-504, does not entitle the transferee to:
 - (i) participate in the management or conduct of the limited liability company's activities and affairs; or
 - (ii) except as otherwise provided in Subsection (3), have access to records or other information concerning the limited liability company's activities and affairs.
- (2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.
- (3) In a dissolution and winding up of a limited liability company, a transferee is entitled to an account of the limited liability company's transactions only from the date of dissolution.
- (4) A transferable interest may be evidenced by a certificate of the interest issued by the limited liability company in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.
- (5) A limited liability company need not give effect to a transferee's rights under this section until the limited liability company knows or has notice of the transfer.
- (6) A transfer of a transferable interest in violation of a restriction on transfer contained in the operating agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.
- (7) Except as otherwise provided in Subsection 48-3a-602(5)(b), if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest transferred and retains all the duties and obligations of a member.
- (8) If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under Section 48-3a-403 and Subsection 48-3a-406(3) known to the transferee when the transferee becomes a member.

Enacted by Chapter 412, 2013 General Session